



General Assembly

February Session, 2010

Raised Bill No. 5011

LCO No. 270

* ____HB05011INS__022410__*

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

***AN ACT EXTENDING THE EFFECTIVE DATE FOR CERTAIN
INTERLOCAL RISK MANAGEMENT POOLS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 7-479e of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) An interlocal risk management agency is not an insurance
4 company or insurer under the laws of this state and the development
5 and administration by such agency of an interlocal risk management
6 pool and an interlocal risk management program does not constitute
7 doing an insurance business.

8 (b) The formation, development and administration of a workers'
9 compensation risk management pool by an interlocal risk management
10 agency may be carried out as provided in this chapter and in such
11 instance sections 31-328 to 31-339, inclusive, shall not be applicable,
12 provided that nothing in this chapter shall prevent a local public
13 agency from proceeding under sections 31-328 to 31-339, inclusive.
14 Notwithstanding any provision of the general statutes, an interlocal
15 workers' compensation risk management pool may provide interlocal

16 risk management of claims for injuries or diseases caused by
17 hypertension or heart disease resulting in death or temporary or
18 permanent, total or partial disability, to a uniformed member of a paid
19 fire department or a regular member of a paid police department as
20 provided for in section 7-433c. Such risk management may be
21 provided within an interlocal workers' compensation risk management
22 pool or within a separate pool exclusively for hypertension and heart
23 disease. Only one reserve for contingencies need be established
24 whether or not risk management of hypertension and heart disease is
25 provided by a separate pool.

26 (c) Except as provided in subsections (d) and (e) of this section, an
27 interlocal risk management pool, other than a public liability,
28 automobile and property risk management pool, shall at all times
29 maintain a reserve for contingencies at a minimum of one hundred
30 thousand dollars for each fiscal year such pool is in operation, except
31 that each such pool need have no more than five hundred thousand
32 dollars in the aggregate. An interlocal public liability, automobile and
33 property risk management pool shall maintain, during its first year of
34 operation, a reserve for contingencies at a minimum of five hundred
35 thousand dollars and shall thereafter increase such reserve by an
36 amount equal to five per cent of the total contribution of members with
37 respect to each ensuing year until the ratio of contribution of members
38 for the then current year to the amount of the reserve for contingencies
39 is no greater than three to one. Until such time all agreements between
40 an interlocal risk management agency and public liability, automobile
41 and property pool members shall contain a provision permitting
42 assessment of members in an amount not to exceed thirty per cent of a
43 member's contribution for the year with respect to which the
44 assessment is made. Notwithstanding any general statute, special act,
45 or local law, ordinance or charter, retrospective agreements between
46 any interlocal risk management pool and its members or assessments
47 of such members shall be binding and enforceable. A reserve for
48 contingencies means unassigned funds held over and above the
49 liability reserves of the pool. The reserve for contingencies shall be

50 advanced to the pool and placed at risk by the members of the
 51 interlocal risk management agency participating in the pool. Advances
 52 to the reserve for contingencies shall be evidenced by certificates,
 53 which may bear interest at a rate determined by the agency's board of
 54 directors. Advances may be repaid only when such repayment will not
 55 reduce the reserve for contingencies below the required minimum.

56 (d) The reserve requirements in subsection (c) of this section shall be
 57 suspended until July 1, [2010] 2016, at the option of any interlocal risk
 58 management pool organized for less than ten years as of July 1, 2005,
 59 that established a reserve for contingencies at a minimum of (1) one
 60 hundred thousand dollars for each fiscal year of operation prior to July
 61 1, 2005, in the case of an interlocal risk management pool, other than a
 62 public liability, automobile and property risk management pool, or (2)
 63 five hundred thousand dollars for the first fiscal year of operation and
 64 thereafter increased such reserve by an amount equal to five per cent
 65 of the total contribution of members with respect to each subsequent
 66 fiscal year of operation prior to July 1, 2005, in the case of an interlocal
 67 public liability, automobile and property risk management pool.

68 (e) (1) Beginning July 1, [2010] 2016, an interlocal risk management
 69 pool, other than a public liability, automobile and property risk
 70 management pool, that operated under subsection (d) of this section
 71 shall maintain the applicable reserve for contingencies specified in
 72 subsection (c) of this section as if its first fiscal year beginning on or
 73 after July 1, [2010] 2016, was its first year of operation.

74 (2) Beginning July 1, [2010] 2016, a public liability, automobile and
 75 property risk management pool that operated under subsection (d) of
 76 this section shall maintain at least the following reserve for
 77 contingencies:

78 (A) As of June 30, [2011] 2017, one hundred thousand dollars plus
 79 an amount equal to one per cent of total member contributions for the
 80 preceding year;

81 (B) As of June 30, [2012] 2018, two hundred thousand dollars plus
82 an amount equal to two per cent of total member contributions for the
83 preceding year;

84 (C) As of June 30, [2013] 2019, three hundred thousand dollars plus
85 an amount equal to three per cent of total member contributions for
86 the preceding year;

87 (D) As of June 30, [2014] 2020, four hundred thousand dollars plus
88 an amount equal to four per cent of total member contributions for the
89 preceding year;

90 (E) As of June 30, [2015] 2021, five hundred thousand dollars plus an
91 amount equal to five per cent of total member contributions for the
92 preceding year.

93 (3) On and after July 1, [2015] 2021, each interlocal risk management
94 pool shall maintain a reserve for contingencies as provided in
95 subsection (c) of this section.

96 (f) Each interlocal risk management pool operating under
97 subsection (d) or (e) of this section shall provide such reports to the
98 Insurance Commissioner as the commissioner requires.

99 (g) Each such interlocal risk management pool and interlocal risk
100 management agency shall, except as specifically designated in this
101 section, be exempt from the provisions of the general statutes relating
102 to insurance. The sections of the general statutes applicable to an
103 interlocal risk management pool and interlocal risk management
104 agency shall be: Sections 38a-11, 38a-14, 38a-17 to 38a-19, inclusive,
105 38a-49, 38a-51 to 38a-53, inclusive, 38a-56, 38a-76, 38a-321, 38a-334 to
106 38a-336a, inclusive, 38a-338, 38a-340 to 38a-343, inclusive, 38a-350, 38a-
107 363 to 38a-387, inclusive, 38a-663 to 38a-666, inclusive, 38a-669, 38a-
108 671, 38a-675 to 38a-682, inclusive, 38a-790, 38a-792, 38a-806, 38a-815 to
109 38a-819, inclusive, and 38a-828.

110 (h) Beginning on October 1, 2013, and annually thereafter, an

111 interlocal risk management agency shall report to the Insurance
112 Commissioner the surplus or deficit for any interlocal risk
113 management pool administered by such agency for the fiscal year
114 ending the preceding June thirtieth. If such agency reports a deficit of
115 eight million dollars or more, it shall assess the members of such pool,
116 in a manner determined by such agency, to eliminate such deficit over
117 a period not to exceed three years from the preceding June thirtieth.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	7-479e